GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:6509
ANSWERED ON:09.05.2002
OIL SECTOR SITUATION IN POST APM REGIME .
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government have made a review of the oil sector`s situation arising in the post APM regime;

(b) if so, the details thereof; and

(c) the extent to which the Government are having its hold on the oil sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS AND MINISTER OF STATE IN THE MINIS PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (c): APM has been dismantled with effect from 1st April 2002. The major decisions are as follows:-

(i) The pricing of all petroleum products, except for PDS kerosene and domestic LPG has become market determined with effect from 1st April 2002.

(ii) The subsidies on PDS Kerosene and domestic LPG will be borne by the Consolidated Fund of India from 1st April 2002. These subsidies will be on a specified flat rate basis and will be phased out in the next 3 to 5 years.

(iii) Freight subsidy will continue to be provided for supplies of PDS Kerosene and domestic LPG to far flung areas and will be borne by the Consolidated Fund of India.

(iv) The price of indigenous crude oil of Oil and Natural Gas Corporation Ltd and Oil India Ltd. has become market determined with effect from 1st April 2002.

(v) The new entrants, including private sector, will be allowed to market transportation fuels namely, motor spirit, high speed diesel and aviation turbine fuel as per the guidelines contained in the Ministry of Petroleum and Natural Gas Resolution dated 8th March 2002.

(vi) Regulatory mechanism will be set up to oversee the functioning of the downstream petroleum sector. A bill on the subject has been introduced in the Lok Sabha on 6th May 2002.